



The

MARKETPLACE

For Recycling Commodities

Kentucky Recycling and Marketing Assistance

Vol. 14, No. 4

October 2008

THE REGIONAL RECYCLING MARKET

Rural areas face particular marketing challenges with low volumes of recyclables and long distances to market. In an effort to ease issues concerning markets for recovered materials in areas with a small population base, many turn to regional marketing cooperatives for a solution. Kentucky is ripe for the creation of regional marketing for recovered materials. There are several important considerations if you want your recycling center becoming a regional marketing hub.

The first rule of recycling is always to “begin at the end” or, begin with the markets. Contact the end-users or mills for each recovered material the center will be handling. Find out what their specifications are and get the information in writing. If any mills are relatively close by, visit them in person. Talk to the employee with the responsibility to receive shipments and accept or reject the bales. Find out exactly what that person is looking for in a mill-ready bale. Ask to see examples of rejected bales and find out why they were rejected. Develop a relationship with personnel at the mill.

Find out if the end-user or mill uses a price index. If they don’t use a price index, ask them to establish one. The Official Board Markets Yellow Sheet, The American Metal Market, and The Recycling Manager are used extensively for price indexing. With a price index, prices are not dependent on the needs of any particular buyer. The price you get will be based on the price index for the month that materials are shipped to the mill, not a date weeks or even months later. You may even be able to negotiate floor prices. A floor price is the lowest price that you will receive no matter how low prices are in the marketplace.

Try to get a written contract, or a monthly purchase order, with all your buyers. The contract will stipulate such items as the basis for the price index, material specifications, floor and ceiling prices (if available), who pays for transportation of the materials, procedures for rejection and what happens to rejected materials. The material specifications are usually stated as guidelines for each grade of material and the allowable percent of contamination. A guide on material specifications and procedures to handle transactions that go wrong can be found in the Institute of Scrap Recycling Industries Inc.’s Scrap Specifications Circular. You can find the guide at www.isri.org listed under “Specs and Markets.”

Recovered materials are very freight sensitive. Transportation costs can mean the difference between success and failure for recycling centers. Most mills will transport single-commodity truckloads to the mill at no cost to the recycling center. If you transport materials to the mill, the mill will usually give you a transportation allowance. The transportation allowance will be based on the tonnage shipped. Transportation costs can make a difference of several hundred dollars per truckload.

Finally, each member of the regional recycling cooperative should sign a contract that specifies much of the same information listed above. Members will want to know who is responsible for transportation, the price-index system, what is an acceptable bale of each material, charges for marketing and any baling the regional hub may need to perform, what each member’s share of the proceeds are and who pays for equipment repairs at the regional hub.

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10/15/2008

Prices are based on trailer load lots paid by end-users. This guide is for reference only and does not represent an obligation by any buyer to pay these amounts. Prices vary according to location, condition of product and other factors. Prices for handlers and processors will be different from these prices which are quoted for manufacturers. Prices fluctuate daily or weekly, and are based on the second week of the month, unless otherwise noted, and may change.

Paper	\$ per ton	<i>Board and Mill purchase prices, baled, FOB seller's dock. From Oct. 4, Official Board Markets Yellow Sheet, Chicago market.</i>	<u>Previous month</u>	<u>Previous Year</u>
Mixed Paper	60-65		80-85	80-85
Sorted Office	190-200		200-210	175-185
Newsprint #6	60-65		90-95	70-75
Newsprint #8	110-120		140-150	90-100
Sorted White Ledger	300-310		320-330	270-280
Corrugated Containers	70-75		80-85	105-115
Plastics	<u>Cents per lb.</u>	<i>From market sources serving Kentucky, contacted Oct. 8-9. Baled, FOB seller's dock. Priced as loads available.</i>		
Polyethylene Terephthalate (PET-soda bottles)	15	clear and green (mixed)	17	16
High Density Polyethylene (HDPE-milk jugs) #2	44	natural	44	36
Glass	<u>\$ per ton</u>	<i>From Oct. 8, Waste News, average for truckload quantities, delivered to end-user, Chicago market.</i>		
Clear	25		25	28
Amber	16		16	16
Green	4		4	8
Metals	<u>Cents per lb.</u>	<i>Aluminum from market sources serving Kentucky, contacted Oct. 8.</i>		
Aluminum Cans	65	densified, baled truckload, picked up	82	77
	<u>\$ per gross ton</u>	<i>Steel cans from market sources serving Kentucky, contacted Oct. 8. Baled, FOB seller's dock.</i>		
Steel Cans	116	Clean, used densified cans	203	151